

TOWN OF BERWICK, LOUISIANA**Financial Report****Year Ended September 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **APR 18 2012**

TABLE OF CONTENTS

	<u>Page No</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL SECTION	
Basic financial statements	
Government-wide financial statements	
Statement of net assets	5
Statement of activities	6-7
Fund financial statements	
Governmental funds	
Balance sheet	9-11
Statement of revenues, expenditures, and changes in fund balances	12-14
Proprietary funds	
Statement of net assets	15
Statement of revenues, expenses, and changes in fund net assets	16
Statement of cash flows	17-18
Notes to the financial statements	19-45
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules	
General fund	47-50
1% Sales tax fund	51
3/4% Sales tax liquid and solid waste fund	52
Notes to budgetary comparison schedules	53
Schedule of funding progress	54
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor governmental funds	
Combining balance sheet	55-56
Combining statement of revenues, expenditures, and changes in fund balances	57-58
INTERNAL CONTROL, COMPLIANCE AND OTHER INFORMATION	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	60-61
Summary schedule of prior audit findings	62
Schedule of audit results and findings	63-64
Corrective action plan for current year findings	65

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INDEPENDENT AUDITOR'S REPORT

The Honorable Louis Ratchiff, Mayor
and Members of the Town Council
Town of Berwick, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berwick, Louisiana, (hereinafter Town) as of and for the year ended September 30, 2011, which collectively comprise the basic financial statements of the Town's primary government as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the Town's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the Town's primary government unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Town has not issued such reporting entity financial statements. The effects of this departure from accounting principles generally accepted in the United States of America on the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of the Town as of September 30, 2011, or the changes in financial position thereof for the year then ended

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the Town as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America

As discussed in note 1 to the financial statements, effective October 1, 2010, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2012, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 46 through 54 and schedule of funding progress on page 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying financial information listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the other supplementary information.

The Town has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 24, 2012

FINANCIAL SECTION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BERWICK, LOUISIANA

Statement of Net Assets
September 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 2,456,749	\$ 198,875	\$ 2,655,624
Investments	1,261,277	-	1,261,277
Receivables, net	487,548	73,296	560,844
Due from other governments	204,190	24,312	228,502
Prepaid expense	26,826	2,966	29,792
Restricted assets			
Cash	-	92,452	92,452
Investment in Berwick-Bayou Vista			
Joint Waterworks Plant	-	512,352	512,352
Capital assets not being depreciated	1,130,849	15,000	1,145,849
Capital assets net of accumulated depreciation	<u>5,956,869</u>	<u>1,338,879</u>	<u>7,295,748</u>
Total assets	<u>11,524,308</u>	<u>2,258,132</u>	<u>13,782,440</u>
LIABILITIES			
Accounts payable	94,323	41,281	135,604
Accrued liabilities	49,056	6,894	55,950
Deferred revenues	15,741	-	15,741
Payable from restricted assets -			
Customers' deposits	-	92,452	92,452
Long-term liabilities			
Portion due or payable within one year			
Certificates of indebtedness	140,000	-	140,000
Portion due or payable after one year			
Net OPEB obligation	69,983	-	69,983
Certificates of indebtedness	<u>625,000</u>	<u>-</u>	<u>625,000</u>
Total liabilities	<u>994,103</u>	<u>140,627</u>	<u>1,134,730</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,322,718	1,353,879	7,676,597
Restricted	2,530,540	-	2,530,540
Unrestricted	<u>1,676,947</u>	<u>763,626</u>	<u>2,440,573</u>
Total net assets	<u>\$ 10,530,205</u>	<u>\$ 2,117,505</u>	<u>\$ 12,647,710</u>

The accompanying notes are an integral part of this statement

TOWN OF BERWICK, LOUISIANA

Statement of Activities Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Fees, Commissions, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 906,250	\$ 365,627	\$ 15,006	\$ 48,048
Public safety				
Fire	137,517	-	-	-
Police	843,320	124,115	-	2,548
Public works				
Streets	468,929	-	43,736	-
Drainage	139,575	-	-	-
Cemetery	25,219	8,825	-	-
Culture and recreation	345,775	15,637	5,000	53,897
Sanitation	1,198,914	841,020	-	35,000
Supporting services	38,310	48,920	-	-
Interest on long term debt	37,367	-	-	-
Total governmental activities	4,141,176	1,404,144	63,742	139,493
Business-type activities				
Gas	353,380	356,202	-	-
Water	740,555	559,260	-	24,312
Total business-type activities	1,093,935	915,462	-	24,312
Total government	\$ 5,235,111	\$ 2,319,606	\$ 63,742	\$ 163,805
General Revenues				
Taxes				
Ad valorem taxes				
Drainage				
Franchise				
Sales				
Other				
Intergovernmental				
Interest and investment earnings				
Miscellaneous				
Special item				
Gain on sale of real property				
Transfers -- internal activity				
Total general revenues, special items, and transfers				
Change in net assets				
Net Assets-- beginning				
Net Assets--ending				

The accompanying notes are an integral part of this statement

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (477,569)	\$ -	\$ (477,569)
(137,517)	-	(137,517)
(716,657)	-	(716,657)
(425,193)	-	(425,193)
(139,575)	-	(139,575)
(16,394)	-	(16,394)
(271,241)	-	(271,241)
(322,894)	-	(322,894)
10,610	-	10,610
<u>(37,367)</u>	<u>-</u>	<u>(37,367)</u>
<u>(2,533,797)</u>	<u>-</u>	<u>(2,533,797)</u>
-	2,822	2,822
<u>-</u>	<u>(156,983)</u>	<u>(156,983)</u>
<u>-</u>	<u>(154,161)</u>	<u>(154,161)</u>
<u>(2,533,797)</u>	<u>(154,161)</u>	<u>(2,687,958)</u>
511,890	-	511,890
73,569	-	73,569
235,766	-	235,766
1,773,179	-	1,773,179
2,959	-	2,959
185,943	-	185,943
5,403	76,479	81,882
24,449	-	24,449
734,477	-	734,477
<u>(147,216)</u>	<u>147,216</u>	<u>-</u>
3,400,419	223,695	3,624,114
866,622	69,534	936,156
<u>9,663,583</u>	<u>2,047,971</u>	<u>11,711,554</u>
<u>\$ 10,530,205</u>	<u>\$ 2,117,505</u>	<u>\$12,647,710</u>

FUND FINANCIAL STATEMENTS

TOWN OF BERWICK, LOUISIANA

Balance Sheet
Governmental Funds
September 30, 2011

	General	1% Sales Tax	3/4% Sales Tax Liquid and Solid Waste	Other Governmental
ASSETS				
Cash	\$ 1,161,763	\$ 363,977	\$ 486,598	\$ 444,411
Investments	300,758	642,135	318,384	-
Receivables				
Taxes	79,883	122,961	113,285	-
Accounts	76,857	-	94,562	-
Due from other governments	204,190	-	-	-
Prepaid expense	<u>23,110</u>	<u>-</u>	<u>3,716</u>	<u>-</u>
Total assets	<u>\$ 1,846,561</u>	<u>\$ 1,129,073</u>	<u>\$ 1,016,545</u>	<u>\$ 444,411</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 32,466	\$ -	\$ 61,857	\$ -
Accrued liabilities	35,107	-	8,186	-
Deferred revenues	<u>199,866</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>267,439</u>	<u>-</u>	<u>70,043</u>	<u>-</u>
Fund balances				
Nonspendable	26,626	-	-	52,152
Restricted	10,554	1,129,073	946,502	392,259
Committed	988,062	-	-	-
Assigned	83,687	-	-	-
Unassigned	<u>470,193</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,579,122</u>	<u>1,129,073</u>	<u>946,502</u>	<u>444,411</u>
Total liabilities and fund balances	<u>\$ 1,846,561</u>	<u>\$ 1,129,073</u>	<u>\$ 1,016,545</u>	<u>\$ 444,411</u>

Total
Governmental
Funds

\$ 2,456,749
1,261,277

316,129
171,419
204,190
26,826

\$ 4,436,590

\$ 94,323
43,293
199,866
337,482

78,778
2,478,388
988,062
83,687
470,193
4,099,108

\$ 4,436,590

(continued)

TOWN OF BERWICK, LOUISIANA

**Balance Sheet (continued)
Governmental Funds
September 30, 2011**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Total fund balances - governmental funds	\$ 4,099,108
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**Amounts reported for governmental activities in the
statement of net assets are different because**

Cost of capital assets at September 30, 2011	\$ 11,010,677	
Less accumulated depreciation as of September 30, 2011		
Buildings	(2,114,378)	
Improvements	(397,074)	
Equipment	(1,066,947)	
Autos and trucks	<u>(344,560)</u>	7,087,718

Receivables from reimbursement grants and sale of assets are not available to pay for current year expenditures and are deferred in the fund financial statements	184,125
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Long-term liabilities at September 30, 2011	
Net OPEB obligation	(69,983)
Certificates of indebtedness	(765,000)

Accrued interest payable	<u>(5,763)</u>
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Total net assets - governmental activities	<u>\$ 10,530,205</u>
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The accompanying notes are an integral part of this statement

TOWN OF BERWICK, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended September 30, 2011

	General	1% Sales Tax	3/4% Sales Tax Liquid and Solid Waste
Revenues			
Taxes	\$ 1,112,337	\$ 680,915	\$ 634,591
Licenses and permits	276,301	-	-
Intergovernmental	208,221	-	35,000
Fees, commissions, and charges for services	206,606	-	841,441
Fines and forfeits	80,213	-	-
Interest income	2,283	1,145	719
Miscellaneous	<u>24,656</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,910,617</u>	<u>682,060</u>	<u>1,511,751</u>
Expenditures			
Current -			
General government			
Administrative	828,161	-	-
Public safety			
Fire	124,285	-	-
Police	791,047	-	-
Public works			
Streets	374,954	-	-
Drainage	125,477	-	-
Cemetery	25,219	-	-
Culture and recreation	258,972	-	-
Sanitation	-	-	1,151,772
Supporting services	38,310	-	-
Debt service	-	-	-
Capital outlay	<u>726,550</u>	<u>-</u>	<u>98,167</u>
Total expenditures	<u>3,292,975</u>	<u>-</u>	<u>1,249,939</u>
Excess (deficiency) of revenues over expenditures	<u>(1,382,358)</u>	<u>682,060</u>	<u>261,812</u>
Other financing sources (uses)			
Operating transfers in	790,000	-	188,502
Operating transfers out	(14,229)	(552,786)	(290,200)
Special item			
Sales of assets	<u>748,930</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,524,701</u>	<u>(552,786)</u>	<u>(101,698)</u>
Net change in fund balances	142,343	129,274	160,114
Fund balances, beginning	<u>1,436,779</u>	<u>999,799</u>	<u>786,388</u>
Fund balances, ending	<u>\$ 1,579,122</u>	<u>\$ 1,129,073</u>	<u>\$ 946,502</u>

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 169,520	\$ 2,597,363
-	276,301
-	243,221
-	1,048,047
-	80,213
1,256	5,403
-	24,656
<u>170,776</u>	<u>4,275,204</u>
-	828,161
-	124,285
-	791,047
-	374,954
-	125,477
-	25,219
-	258,972
-	1,151,772
-	38,310
168,346	168,346
-	824,717
<u>168,346</u>	<u>4,711,260</u>
<u>2,430</u>	<u>(436,056)</u>
161,386	1,139,888
(429,889)	(1,287,104)
-	748,930
<u>(268,503)</u>	<u>601,714</u>
(266,073)	165,658
<u>710,484</u>	<u>3,933,450</u>
<u>\$ 444,411</u>	<u>\$ 4,099,108</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2011

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

Net changes in fund balances - governmental funds	\$ 165,658
Amounts reported for governmental activities in the statement of activities are different because	
Some revenues reported in the governmental funds were reported as revenues in the statement of activities in a prior year	(2,127)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	145,333
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense This is the amount by which capital outlay exceeded depreciation expense in the current period	474,744
The net effect of various miscellaneous transactions involving capital assets (i e , sales, trade-ins, and donations) is to decrease net assets	(12,326)
Some expenses reported in the Statement of Activities do require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(35,639)
Revenue and general obligation bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets Repayment of bond principal is and expenditure in the governmental funds, but their repayment reduces long-term liabilities in the statement of net assets	130,000
Excess of interest paid over interest accrued	<u>979</u>
Change in net assets - governmental activities	<u>\$ 866,622</u>

The accompanying notes are an integral part of this statement

TOWN OF BERWICK, LOUISIANA

Statement of Net Assets
Proprietary Funds
September 30, 2011

	Gas	Water	Total Enterprise Funds
ASSETS			
Current assets			
Cash	\$ 154,486	\$ 44,389	\$ 198,875
Receivables, net	18,274	55,022	73,296
Due from other governments	-	24,312	24,312
Prepaid expenses	<u>1,426</u>	<u>1,540</u>	<u>2,966</u>
Total current assets	<u>174,186</u>	<u>125,263</u>	<u>299,449</u>
Restricted assets			
Customers' deposits -			
Cash	<u>27,070</u>	<u>65,382</u>	<u>92,452</u>
Investment in Berwick-Bayou Vista Joint			
Waterworks Plant	<u>-</u>	<u>512,352</u>	<u>512,352</u>
Property, plant and equipment			
Property, plant and equipment, at cost, net	<u>151,080</u>	<u>1,202,799</u>	<u>1,353,879</u>
Total assets	<u>352,336</u>	<u>1,905,796</u>	<u>2,258,132</u>
LIABILITIES			
Liabilities			
Current liabilities (payable from current assets) -			
Accounts payable	4,529	36,752	41,281
Accrued liabilities	<u>2,745</u>	<u>4,149</u>	<u>6,894</u>
Total current liabilities (payable from current assets)	7,274	40,901	48,175
Current liabilities (payable from restricted assets) -			
Customers' deposits	<u>27,070</u>	<u>65,382</u>	<u>92,452</u>
Total liabilities	<u>34,344</u>	<u>106,283</u>	<u>140,627</u>
NET ASSETS			
Invested in capital assets	151,080	1,202,799	1,353,879
Unrestricted	<u>166,912</u>	<u>596,714</u>	<u>763,626</u>
Total net assets	<u>\$ 317,992</u>	<u>\$ 1,799,513</u>	<u>\$ 2,117,505</u>

The accompanying notes are an integral part of this statement

TOWN OF BERWICK, LOUISIANA

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended September 30, 2011**

	<u>Gas</u>	<u>Water</u>	<u>Total Enterprise Fund</u>
Operating revenues			
Charges for services	\$ 331,500	\$ 544,063	\$ 875,563
Delinquent charges	23,173	11,930	35,103
Miscellaneous	<u>1,529</u>	<u>3,267</u>	<u>4,796</u>
Total operating revenues	<u>356,202</u>	<u>559,260</u>	<u>915,462</u>
Operating expenses			
Gas and water purchases	135,877	361,609	497,486
Salaries	102,287	156,513	258,800
Retirement contributions	15,086	22,566	37,652
Group insurance	17,114	18,481	35,595
Other insurance	5,317	17,719	23,036
Maintenance and operations	53,507	87,336	140,843
Depreciation	15,186	62,507	77,693
Administration expenses	8,510	12,259	20,769
Water board member fees	-	1,440	1,440
Miscellaneous	<u>496</u>	<u>125</u>	<u>621</u>
Total operating expense	<u>353,380</u>	<u>740,555</u>	<u>1,093,935</u>
Operating income (loss)	<u>2,822</u>	<u>(181,295)</u>	<u>(178,473)</u>
Nonoperating revenues (expenses)			
Capital grants	-	24,312	24,312
Interest income	251	216	467
Increase in equity of Berwick-Bayou Vista			
Joint Waterworks Plant	<u>-</u>	<u>76,012</u>	<u>76,012</u>
Total nonoperating revenues (expenses)	<u>251</u>	<u>100,540</u>	<u>100,791</u>
Income (Loss) before capital contributions and operating transfers	3,073	(80,755)	(77,682)
Transfers in	899	160,917	161,816
Transfers out	<u>(14,600)</u>	<u>-</u>	<u>(14,600)</u>
Change in net assets	(10,628)	80,162	69,534
Net assets, beginning	<u>328,620</u>	<u>1,719,351</u>	<u>2,047,971</u>
Net assets, ending	<u>\$ 317,992</u>	<u>\$ 1,799,513</u>	<u>\$ 2,117,505</u>

The accompanying notes are an integral part of this statement

TOWN OF BERWICK, LOUISIANA

Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2011

	Gas	Water	Total Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 358,500	\$ 565,444	\$ 923,944
Payments to suppliers for goods and services	(204,346)	(486,604)	(690,950)
Payments to employees	<u>(134,004)</u>	<u>(196,128)</u>	<u>(330,132)</u>
Net cash provided by (used in) operating activities	<u>20,150</u>	<u>(117,288)</u>	<u>(97,138)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from other funds	899	160,917	161,816
Payments to other funds	<u>(14,600)</u>	<u>-</u>	<u>(14,600)</u>
Net cash provided by (used in) noncapital financing activities	<u>(13,701)</u>	<u>160,917</u>	<u>147,216</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	<u>(82,592)</u>	<u>(64,640)</u>	<u>(147,232)</u>
Net cash used in capital and related financing activities	<u>(82,592)</u>	<u>(64,640)</u>	<u>(147,232)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	251	216	467
Payment in equity of Berwick-Bayou Vista Joint Waterworks Plant	<u>-</u>	<u>(9,818)</u>	<u>(9,818)</u>
Net cash provided by investing activities	<u>251</u>	<u>(9,602)</u>	<u>(9,351)</u>
Net increase (decrease) in cash and cash equivalents	(75,892)	(30,613)	(106,505)
Cash and cash equivalents, beginning of period	<u>257,448</u>	<u>140,384</u>	<u>397,832</u>
Cash and cash equivalents, end of period	<u>\$ 181,556</u>	<u>\$ 109,771</u>	<u>\$ 291,327</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Statement of Cash Flows (continued)
Proprietary Fund
Year Ended September 30, 2011

	<u>Gas</u>	<u>Water</u>	<u>Total Enterprise Fund</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 2,822	\$ (181,295)	\$ (178,473)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	15,186	62,507	77,693
Decrease (increase) in accounts receivable	698	6,668	7,366
Increase (decrease) in accounts payable	(639)	(6,116)	(6,755)
Increase (decrease) in accrued liabilities	483	1,432	1,915
Increase (decrease) in customer meter deposits	<u>1,600</u>	<u>(484)</u>	<u>1,116</u>
Total adjustments	<u>17,328</u>	<u>64,007</u>	<u>81,335</u>
Net cash provided by (used in) operating activities	<u>\$ 20,150</u>	<u>\$ (117,288)</u>	<u>\$ (97,138)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet			
Cash and cash equivalents beginning of period -			
Interest-bearing deposits - unrestricted	\$ 231,978	\$ 74,518	\$ 306,496
Interest bearing deposits - restricted	<u>25,470</u>	<u>65,866</u>	<u>91,336</u>
Total cash and cash equivalents	<u>257,448</u>	<u>140,384</u>	<u>397,832</u>
Cash and cash equivalents, end of period -			
Interest-bearing deposits - unrestricted	154,486	44,389	198,875
Interest-bearing deposits - restricted	<u>27,070</u>	<u>65,382</u>	<u>92,452</u>
Total cash and cash equivalents	<u>181,556</u>	<u>109,771</u>	<u>291,327</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (75,892)</u>	<u>\$ (30,613)</u>	<u>\$ (106,505)</u>

The accompanying notes are an integral part of this statement

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The Town of Berwick ("Town") was incorporated August 1907, under the provisions of the Lawrason Act. The Town operated under a Mayor-Board of Aldermen form of government until January 20, 1992, at which time the Town adopted a Home Rule Charter and now operates under an elected Mayor-Council, administrative-legislative form of government. The Town's operations include police and fire protection, streets and drainage, parks and recreation, residential waste collection services, certain social services and general and administration services. The Town owns and operates an enterprise fund which provides gas and water services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*. In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, it is the Town's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued prior to December 1, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Town has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Opinions or Accounting Research Bulletins of the Committee on Accounting Procedure issued after November 30, 1989.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

- 1 Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Town to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the Town
- 2 Organizations for which the Town does not appoint a voting majority but are fiscally dependent upon the Town
- 3 Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

Component Unit –

Based on the previous criteria, the Town has one component unit, Berwick Development District (District), since the District is governed by a seven-member board appointed by the mayor of the Town and the Town is entitled to funds received by the District from the sale of properties after the deduction of expenses (financial benefits)

The Town has chosen to issue financial statements of the primary government only, therefore, the financial statements of the District are not included in the accompanying financial statements. Complete financial statements issued by the District can be obtained directly from the District's administrative offices at P O Box 128, Berwick, LA, 70342

Related Organizations –

A related organization is an entity for which the primary government is not financially accountable even though the primary government may provide facilities and some financing or appoint a voting majority of the organization's governing board. Based on the foregoing criteria, certain governmental organizations are not part of the Town and are thus excluded from the accompanying financial statements. These organizations are the volunteer fire department and the public housing authority.

Joint Ventures –

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Town has entered into joint venture arrangements with other governmental entities for the operation of the Berwick/Bayou Vista Joint Waterworks Commission and the Wards 5 and 8 Joint Sewer Commission. See Note 18 for further discussion of the Town's relationship with these organizations.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Basis of Presentation

Government-wide Financial Statements –

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating capital or grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements –

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds)

Permanent fund

The permanent fund accounts for assets held by the Town pursuant to a trust agreement. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Major Funds –

General Fund – primary operating fund of the Town. The general fund is always classified as a major fund.

Special Revenue Funds

1% Sales Tax Fund— accounts for the receipt and use of the Town's prorata portion of the St. Mary Parish 1% sales and use tax. These taxes may be used for any lawful corporate purpose.

¾% Sales Tax Liquid and Solid Waste Fund— accounts for the receipt and use of proceeds of the Town's prorata portion of the St. Mary Parish ¾% sales and use tax. These taxes are dedicated to the construction, maintenance, and operations of sewerage or solid waste disposal systems, and police and fire protection.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Proprietary Funds

Gas Enterprise Fund—accounts for the provision of gas services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection

Water Enterprise Fund—accounts for the provision of water service to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection

Nonmajor Funds –

Special Revenue Funds

Public Improvement Maintenance Fund—accounts for the proceeds of a special ad valorem tax for the purpose of acquiring and maintaining recreation improvements, programs and facilities, acquiring and maintaining streets, roads, highways, alleys, servitudes and right of ways, constructing, acquiring, extending, improving, and maintaining any public works or capital improvements, including but not limited to recreational facilities, public safety and police facilities, fire protection facilities, town hall facilities, sewerage collection and disposal facilities, waterworks, water and flood control extensions and improvements, public health facilities, streets, roads, sidewalks and bridges, and cemetery facilities in the Town

Capital Projects Fund

Everett S. Berry Lighthouse Park Fund—accounts for the financing of the restoration and preservation of historical lighthouse to be reassembled in Berwick and made available to the general public as a marine museum and historical tourist attraction. Funds are to be provided from federal, state, local and private grants and donations

Street and Road Improvement Construction Fund—accounts for the financing and construction of various improvements to the Town's streets and roads financed by Public Improvement Bonds and parish grants

Debt Service Fund

Certificates of Indebtedness, Series 2006—accumulates monies for the payment of \$1,250,000 Certificates of Indebtedness, Series 2006 due in annual installments, plus interest, through maturity in 2016

Sewer ¾% Sales Tax Bonds—accumulates monies for payment of \$905,000 Public Improvement Sewer Refunding Bonds, Series 1997, due in annual installments, plus interest, through maturity in 2006. Debt service is financed from proceeds of the Town's ¾% Sales Tax Liquid and Solid Waste Special Revenue Fund

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Permanent Fund

Berwick Memorial Perpetual Care Fund—accounts for the monies provided by contract requirements that 10% of the selling price of mausoleum crypts and plots be placed in this fund for the perpetual maintenance of the mausoleum. The principal sum may not be expended and must be invested to provide income to be used for maintenance of the mausoleum.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide statements and fund financial statements for the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned including unbilled water and gas services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenues at that time. The Town considers property taxes available if they are collected within 60 days after year-end. Expenditures are recorded when the related liability is incurred. However, debt service expenditures are recorded only when payment is due.

Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. Franchise fees, licenses, permits, and fines are recognized when they are received because they are not objectively measurable.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Capital Assets

Capital assets, which include property, plant, equipment and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 30 years
Improvements	10 - 40 years
Infrastructure	20 - 50 years
Machinery and equipment	4 - 20 years

Investments

Under state law, the Town may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. All of the Town's investments are in LAMP, which are stated at amortized cost.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Restricted Assets

The "customers' deposits" is used to segregate those refundable resources received from customers currently on the system.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Equity Classifications

Government-wide Financial Statements –

Equity is classified as net assets and displayed in three components

- a Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets
- b Restricted net assets – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation
- c Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”

Fund Financial Statements –

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Effective October 1, 2010, the Town implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance for the Town's governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact
- b Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other government
- c Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

- d Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes Under the Town's adopted policy, only the Board of Alderman may assign amounts for specific purposes
- e Unassigned – all other spendable amounts

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members have provided otherwise in its commitment or assignment actions

Revenues, Expenditures, and Expenses

Operating Revenues and Expenses –

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services It also included all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities

Expenditures/Expenses –

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities

In the governmental funds' financial statements, expenditures are classified by character In the proprietary funds', as operating or nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources Proprietary funds report expenses relating to use of economic resources

Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments with maturity of three months or less when purchased to be cash equivalents

Bad Debts

Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Vacation and Sick Leave

Sick leave is recorded as an expenditure of the period in which paid. Sick leave does not accumulate and is not payable at termination of employment. Vacation must be taken in the year accrued and cannot be carried over.

Capitalization of Interest Expense

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. For the year ended September 30, 2011, no capitalized interest expense was recorded.

Use of Estimates

The Town's management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate. Actual results may differ from these estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2011, the Town has cash and interest-bearing deposits (book balances) totaling \$2,748,076 as follows:

Demand deposits	\$ 2,747,926
Petty cash	<u>150</u>
Total	<u>\$ 2,748,076</u>

Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. At September 30, 2011, the Town has \$2,803,445 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and therefore not exposed to custodial credit risk.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(3) Investments

Investments held at September 30, 2011 consist of \$1,261,277 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R S 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish.

Town property tax revenues are budgeted in the year billed.

For the year ended September 30, 2011, taxes of 18.12 mills were levied on property with assessed valuations totaling \$28,705,615 and were dedicated as follows:

General governmental services	12.12 mills
Maintenance	6.00 mills

For the year ended September 30, 2011, drainage taxes also had assessed valuations totaling \$74,518 and were dedicated as follows:

General governmental services	\$25 per acre
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Total taxes collected on assessments were \$585,459.

(5) Receivables

Receivables at September 30, 2011 of \$560,844 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts	183,139	80,961	264,100
Taxes	334,418	-	334,418
	517,557	80,961	598,518
Less: allowance for uncollectible	(30,009)	(7,665)	(37,674)
Net receivables	487,548	73,296	560,844

The Town sold real property in exchange for a promissory note for the sum of \$11,000, with interest on the unpaid balance thereof at the rate of 7 percent per year from February 10, 2009, until paid, payable in 60 consecutive monthly installments of at least \$217.81 each, commencing March 15, 2009. The outstanding balance on the promissory note at September 30, 2011 is \$5,775.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(6) Due from other Governments

Amounts due from other governments at September 30, 2011 consisted of the following

Governmental Activities

State of Louisiana - Homeland Security	\$ 73,857
Video poker taxes due from the State of Louisiana	19,494
Louisiana Department of Public Safety Office of Management and Finance	48,048
Louisiana Office of State Parks	53,897
Department of Justice	2,548
St Mary Parish Sheriff - prisoner meals	<u>6,346</u>
Total Governmental Activities	<u>\$ 204,190</u>

Business-Type Activities

Division of Administration - Local Government Assistance Program	<u>\$ 24,312</u>
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TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(7) Changes in Capital Assets

Capital asset activity for the year ended September 30, 2011, was as follows

	Balance 10/1/10	Additions	Deletions	Balance 9/30/11
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,141,891	\$ -	\$ (11,042)	\$ 1,130,849
Construction in progress	68,585	-	(68,585)	-
Total capital assets not being depreciated	<u>1,210,476</u>	<u>-</u>	<u>(79,627)</u>	<u>1,130,849</u>
Capital assets being depreciated				
Buildings	3,754,514	56,607	-	3,811,121
Improvements	3,088,955	628,888	-	3,717,843
Equipment	1,604,131	116,097	(2,945)	1,717,283
Infrastructure	-	33,250	-	33,250
Autos and trucks	611,343	58,460	(69,472)	600,331
Total capital assets being depreciated	<u>9,058,943</u>	<u>893,302</u>	<u>(72,417)</u>	<u>9,879,828</u>
Less accumulated depreciation for				
Buildings	(2,024,344)	(90,034)	-	(2,114,378)
Improvements	(297,163)	(99,911)	-	(397,074)
Equipment	(963,422)	(106,470)	2,945	(1,066,947)
Autos and trucks	(359,190)	(53,558)	68,188	(344,560)
Total accumulated depreciation	<u>(3,644,119)</u>	<u>(349,973)</u>	<u>71,133</u>	<u>(3,922,959)</u>
Total capital assets, being depreciated, net	<u>5,414,824</u>	<u>543,329</u>	<u>(1,284)</u>	<u>5,956,869</u>
Governmental activities capital assets, net	<u>\$ 6,625,300</u>	<u>\$ 543,329</u>	<u>\$ (80,911)</u>	<u>\$ 7,087,718</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated				
Gas utility system	713,873	82,592	-	796,465
Water utility system	2,938,397	64,640	-	3,003,037
Total capital assets being depreciated	<u>3,652,270</u>	<u>147,232</u>	<u>-</u>	<u>3,799,502</u>
Less accumulated depreciation for				
Gas utility system	(630,199)	(15,186)	-	(645,385)
Water utility system	(1,752,731)	(62,507)	-	(1,815,238)
Total accumulated depreciation	<u>(2,382,930)</u>	<u>(77,693)</u>	<u>-</u>	<u>(2,460,623)</u>
Total capital assets, being depreciated, net	<u>1,269,340</u>	<u>69,539</u>	<u>-</u>	<u>1,338,879</u>
Business-type activities capital assets, net	<u>\$ 1,284,340</u>	<u>\$ 69,539</u>	<u>\$ -</u>	<u>\$ 1,353,879</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Depreciation expense was charged as direct expense to programs of the primary government as follows

Governmental activities	
General government and administration	\$ 42,450
Public safety	
Police	52,273
Fire	13,232
Public works	
Streets	93,975
Drainage	14,098
Culture and recreation	86,803
Sanitation	<u>47,142</u>
Total depreciation expense, governmental activities	<u>\$ 349,973</u>
Business-type activities	
Gas	\$ 15,186
Water	<u>62,507</u>
Total depreciation expense, business-type activities	<u>\$ 77,693</u>

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TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(8) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<u>Governmental activities</u>					
Certificates of Indebtedness- Series 2006	<u>\$895,000</u>	<u>\$ -</u>	<u>\$130,000</u>	<u>\$ 765,000</u>	<u>\$140,000</u>
Total governmental activities	<u>\$895,000</u>	<u>\$ -</u>	<u>\$130,000</u>	<u>\$ 765,000</u>	<u>\$140,000</u>

Certificates payable at September 30, 2011 is comprised of the following

	<u>Governmental Activities</u>
\$1,250,000 Certificates of Indebtedness, Series 2006, payable in annual installments of \$110,000 to \$170,000 through February 1, 2016, with interest at 4.62 percent per annum	<u>\$ 765,000</u>

The annual requirements to amortize all debt outstanding as of September 30, 2011 are as follows

	<u>Governmental Activities</u>		
<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 140,000	\$ 32,110	\$ 172,110
2013	145,000	25,526	170,526
2014	150,000	18,711	168,711
2015	160,000	11,550	171,550
2016	<u>170,000</u>	<u>3,927</u>	<u>173,927</u>
Total	<u>\$ 765,000</u>	<u>\$ 91,824</u>	<u>\$ 856,824</u>

The various bond indentures contain significant limitations and restrictions as to the annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The Town is in compliance with all such significant limitations and restrictions.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(9) Restricted Net Assets

At September 30, 2011, the government-wide statement of net assets reports the following restricted net assets

	Governmental Activities
Restricted by enabling legislation	\$ 2,178,821
Net assets otherwise restricted for	
Debt service	103,572
Perpetual care	
Expendable	33,422
Nonexpendable	52,152
Capital improvements	152,019
Special programs	10,554
Total restricted net assets	<u>\$ 2,530,540</u>

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TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	1% Sales Tax	3/4% Sales Tax Liquid and Solid Waste	Other Governmental Funds	Total Governmental Funds
Fund balances					
Nonspendable -					
Noncurrent receivables	\$ 3,516	\$ -	\$ -	\$ -	\$ 3,516
Permanent fund principal	-	-	-	52,152	52,152
Prepaid items	23,110	-	-	-	23,110
Total fund balances - nonspendable	26,626	-	-	52,152	78,778
Restricted for -					
Ad valorem tax restrictions	-	-	-	103,246	103,246
Capital improvements	-	-	-	152,019	152,019
Debt service	-	-	-	103,572	103,572
Perpetual care	-	-	-	33,422	33,422
Sales and use tax restrictions	-	1,129,073	946,502	-	2,075,575
Special programs	10,554	-	-	-	10,554
Total fund balances - restricted	10,554	1,129,073	946,502	392,259	2,478,388
Committed to -					
Renwick Subdivision development	988,062	-	-	-	988,062
Assigned to -					
Fire improvements	73,667	-	-	-	73,667
Law enforcement	10,020	-	-	-	10,020
Total fund balances - assigned	83,687	-	-	-	83,687
Unassigned	470,193	-	-	-	470,193
Total fund balances	\$1,579,122	\$1,129,073	\$946,502	\$ 444,411	\$4,099,108

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(11) Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Town is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2011. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(12) Interfund Transfers

	Transfers in					Total
	General	3/4% Sales Tax Liquid and Solid Waste	Nonmajor Governmental	Gas Enterprise	Water Enterprise	
Transfers out						
General	\$ -	\$ 2,413	\$ -	\$ 899	\$ 10,917	\$ 14,229
1% Sales Tax	440,000	-	62,786	-	50,000	552,786
3/4% Sales Tax Liquid and Solid Waste	150,000	-	40,200	-	100,000	290,200
Nonmajor Governmental	200,000	186,089	43,800	-	-	429,889
Gas Enterprise	-	-	14,600	-	-	14,600
Total	<u>\$ 790,000</u>	<u>\$ 188,502</u>	<u>\$ 161,386</u>	<u>\$ 899</u>	<u>\$ 160,917</u>	<u>\$ 1,301,704</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(13) Dedication of Proceeds and Flow of Fund-Sales and Use Tax

The Town collects sales taxes under four sales tax levies as follows

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2011 collections \$680,915) Tax is collected by the St Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis Proceeds of this tax shall be used for the following purposes construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings), for payment or supplementing salaries of all municipal employees, for the operation of recreational facilities, for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality, and for any other public purpose authorized by state law

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 (2011 collections \$634,591) Tax is collected by the St Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above Proceeds are to be used for the construction, acquisition, extension, improvement, operation, and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement, fire and police protection, and to pay debt service requirements on bonds issued for any of the above-mentioned purposes

Proceeds of a 3/10 of 1% sales and use tax levied in 1982 (2011 collections \$246,192) Tax is collected by the St Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above Proceeds are dedicated to the following purposes operating and maintaining the police department, including the acquisition and maintenance of equipment and supplies, paying or supplementing the salaries of municipal employees, and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges

Proceeds of a 1/2 of 1% sales and use tax levied in 2001 (2011 collections \$211,481) Tax is collected by the St Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above Proceeds are to be used for increased salaries for police departments and also for operating and maintaining the police department

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(14) Employee Retirement

Eligible employees of the Town participate in one of three multiple-employer public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

Municipal Employees' Retirement System of Louisiana

Plan members are required to contribute 9.25 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 14.25 percent for October 2010 to June 2011 and 16.75 percent for July 2011 to September 2011 of the total annual covered salary. The Town's contributions to the system for the years ended September 30, 2011, 2010, and 2009 were \$158,371, \$143,242, and \$133,475, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

Municipal and State Police Retirement System of Louisiana

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the Town was required to contribute the statutory rate of 25 percent for October 2010 to June 2011 and 26.5 percent for July 2011 to September 2011 of the total annual covered salary. The Town's contributions to the system for the years ended September 30, 2011, 2010, and 2009 were \$107,970, \$69,384, and \$42,712, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601.

Firefighters' Retirement System

Plan members are required to contribute 8.0 percent of their annual covered salary to the system while the Town was required to contribute the statutory rate of 21.5 percent for October 2010 to June 2011 and 23.25 percent for July 2011 to September 2011 of the total annual covered salary. The Town's contributions to the system for the years ended September 30, 2011, 2010, and 2009 were \$6,173, \$4,343, and \$3,423, respectively, equal to the required contribution for the year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095 – Capital Station, Baton Rouge, Louisiana 70804.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(15) Post-Employment Benefits

Effective with the fiscal year beginning October 1, 2009, the Town implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 45). The requirements of GASB 45 are being implemented prospectively. Accordingly, for financial reporting purposes, no liability is reported for postemployment benefits liability at the date of transition.

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the costs occur, rather than in the future year when it will be paid. In adopting the requirements of GASB 45, the Town began to recognize the cost of postemployment healthcare in the year when employee services are received, to report the accumulated liability from prior years, and to provide information useful in assessing potential demands on the Town's future cash flows. Because the Town adopted the requirements of GASB 45 prospectively, recognition of the liability accumulated from prior years will be phased in over thirty years, commencing with the liability at September 30, 2010.

Plan Description and Funding Policy The Town has elected to make available health benefits to all eligible retirees who retire from the Town on or after December 31, 1997. Retirees are considered eligible if they meet the retirement eligibility requirements of the Municipal Retirement System of Louisiana. Under the post-employment benefit package, retirees may continue group health insurance coverage through the Town's group policy at the retiree's own expense. Once the retiree becomes eligible to obtain Medicare supplement insurance, the Town will pay the premium for the Medicare supplement insurance policy up to a maximum of \$150 per month. Any Medicare supplement premium costs above \$150 must be paid by the retiree. The Town will provide benefits to the retiree only and no coverage will be provided to dependents of the retiree. During the year ended September 30, 2011, the Town incurred costs totaling \$7,200, related to providing this benefit, which is expensed as incurred.

Annual OPEB Cost and Net OPEB Obligation The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation to the retiree health plan.

Annual required contribution	\$ 42,790
Interest on net OPEB obligation	1,374
Adjustment to annual required contribution	<u>(1,325)</u>
Annual OPEB cost (expense)	42,839
Contributions made	<u>(7,200)</u>
Increase in net OPEB obligation	35,639
Beginning net OPEB obligation, 10/1/2010	<u>34,344</u>
Ending net OPEB obligation, 9/30/2011	<u>\$ 69,983</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2011 are as follows:

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2010	\$41,544	\$7,200	17.3%	\$34,344
9/30/2011	\$42,839	\$7,200	16.8%	\$69,983

The fiscal year ended September 30, 2010 was the implementation year of GASB 45 and the Town has elected to implement the standard prospectively. Therefore, comparative data is only available for two years. In future years, three-year trend information will be presented.

Funded Status and Funding Progress The funded status of the plan as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2010	\$0	\$281,066	\$281,066	0.0%	\$1,460,105	19.25%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for the benefits.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the Town's valuation, the entry age actuarial cost method was used. Based on the historical and expected returns of the Town's short-term investments, a discount rate of 4.0% was used. In addition, the actuarial assumptions included an annual healthcare trend rate of 8% initially, reduced by decrements to an ultimate rate of 4.7% after 10 years. The Town's unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(16) Long-Term Contract

The Town entered into a water storage tanks maintenance contract for two water towers in 2002, and the contract remains effective through the year 2062 unless terminated. The annual fee is adjusted every subsequent three years to reflect current cost of services by the company subject to adjustments, either up or down, to be limited to a maximum of 5% annually.

(17) Compensation of Town Officials

A detail of compensation paid to the Mayor and Town Council for the year ended September 30, 2011 follows:

Mayor	
Louis Ratcliff	36,000
Council	
Edgar Thomas, Jr	6,000
Duval Arthur, Jr	6,000
Penny Crappell	6,000
Troy Lombardo	6,000
Damon Robison	6,000
	<u>6,000</u>
	<u>\$ 66,000</u>

(18) Joint Ventures

Berwick/Bayou Vista Joint Waterworks District -

The Town is a member of a joint venture with the St. Mary Parish Government for the construction, maintenance, and operation of a water plant which supplies water to the Town and the unincorporated community of Bayou Vista for distribution to their residents. Each participant has a 50% interest in the venture. The cost of constructing the plant was borne by the Town and the St. Mary Parish Government, and they have appointed a board to operate and maintain the plant. The Town has included its share of the joint venture in these financial statements in the proprietary fund type accounts using the equity method of accounting.

St. Mary Parish Wards 5 and 8 Joint Sewerage Commission -

The Town is a member of a joint venture with the Parish of St. Mary, Sewerage District No. 8 of the Parish of St. Mary, and the City of Patterson for operating and maintaining a sewerage disposal system. The system is operated by a five-member board of commissioners, appointed one each by the Town, Sewerage District No. 8 and the City of Patterson, and two appointed by the St. Mary Parish Council (one each from Wards 5 and 8 of the parish). The costs of constructing the system, which amounted to approximately \$10,300,000, were paid by the participants in the following percentages:

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Town of Berwick	27.05 %
City of Patterson	27.75
St. Mary Parish	<u>45.20</u>
Total	<u>100.00 %</u>

The board operates and maintains the system as the "St. Mary Parish Wards 5 and 8 Joint Sewerage Commission". Operating expenses are paid from revenues generated by charging the participants a monthly fee based on a percentage of water consumption by residents of participating units. The Town finances its share of the fees paid from a governmental type (Special Revenue) fund and has not included its 27.05% share of the system in these financial statements.

Following is a summary of the financial statements issued by the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission as of September 30, 2010 which includes only the assets and liabilities required in operating and maintaining the system, and does not include the original \$10,300,000 construction cost paid by the participants.

The balance sheet reflected the following:

Total assets	\$ 1,824,371
Total liabilities	<u>(112,389)</u>
Total net assets	<u>\$ 1,711,982</u>

The statement of revenues and expenses for the fiscal year ended September 30, 2010 reflected the following:

Operating revenues	\$ 913,944
Non-operating revenues	433
Operating expenses	<u>(918,907)</u>
Change in net assets	<u>\$ (4,530)</u>

Additional information may be obtained from the separately issued financial statements of Wards 5 and 8 Joint Sewerage Commission for the year ended September 30, 2010.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(19) Intergovernmental Agreements

On April 7, 2004, the Town entered into an intergovernmental agreement with the Wards 5 and 8 Joint Regional Sewerage Commission, the Water and Sewerage Commission No 2, and the Parish of St Mary for the development and construction of sanitary sewer and water facilities to service property along U S Highway 90 including a commercial entity owning property along the project site. The costs associated with the sewerage facilities will be shared by each entity as follows: Town of Berwick (12.5%), Wards 5 and 8 Joint Regional Sewerage Commission (50%), Water and Sewerage District No 2 (12.5%) and St. Mary Parish (25%). The water component of the project will be shared by the Town (30%) and the commercial entity (70%). Total cost to the Town for the construction of the water facilities was \$63,362, of which \$44,354 was reimbursed by the commercial entity. Maintenance and operation of the sanitary sewerage component of the project will be the responsibility of the Wards 5 and 8 Joint Regional Sewerage Commission and the Town will maintain and operate the water portion of the project.

On January 11, 2011, the Town entered into an intergovernmental agreement with St Mary Parish Water & Sewer Commission No 2 (District) and Berwick-Bayou Vista Joint Waterworks Commission (Commission) for certain maintenance, repairs and improvements to be made to the joint waterworks system operated for the benefit of the Town, District, and Commission. The Town will pay one-third, the District will pay one-third, and the Commission will pay one-third. As of September 30, 2011, the Town has incurred costs totaling \$9,818 for this project.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BERWICK, LOUISIANA

**Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Taxes				
Ad valorem	\$ 360,100	\$ 360,100	\$ 342,370	\$ (17,730)
Drainage	74,000	74,000	73,569	(431)
Sales	400,000	400,000	457,673	57,673
TV cable franchise fees	50,000	50,000	36,811	(13,189)
Utility franchise fees	180,000	180,000	198,955	18,955
Tobacco and beer	<u>3,500</u>	<u>3,500</u>	<u>2,959</u>	<u>(541)</u>
	<u>1,067,600</u>	<u>1,067,600</u>	<u>1,112,337</u>	<u>44,737</u>
Licenses and permits				
Occupational licenses	265,000	265,000	251,530	(13,470)
Permits	<u>15,000</u>	<u>15,000</u>	<u>24,771</u>	<u>9,771</u>
	<u>280,000</u>	<u>280,000</u>	<u>276,301</u>	<u>(3,699)</u>
Intergovernmental.				
Federal Government	2,897	2,897	2,897	-
State of Louisiana	186,300	186,300	168,618	(17,682)
St Mary Parish Council	<u>79,000</u>	<u>79,000</u>	<u>36,706</u>	<u>(42,294)</u>
	<u>268,197</u>	<u>268,197</u>	<u>208,221</u>	<u>(59,976)</u>
Fees, Commissions, and Charges for Services				
Wharf leases	50,000	50,000	65,664	15,664
Payments in lieu of taxes	-	-	20,131	20,131
Cemetery plot and mausoleum sales	3,500	3,500	8,825	5,325
Mosquito abatement	45,000	45,000	48,920	3,920
Witness fees	5,000	5,000	2,850	(2,150)
Telephone commissions	1,500	1,500	677	(823)
Prison meals	55,000	55,000	43,902	(11,098)
Property rentals	<u>20,000</u>	<u>20,000</u>	<u>15,637</u>	<u>(4,363)</u>
	<u>180,000</u>	<u>180,000</u>	<u>206,606</u>	<u>26,606</u>
Fines and forfeits	<u>80,000</u>	<u>80,000</u>	<u>80,213</u>	<u>213</u>
Interest	<u>3,500</u>	<u>3,500</u>	<u>2,283</u>	<u>(1,217)</u>
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>24,656</u>	<u>(344)</u>
Total revenues	<u>1,904,297</u>	<u>1,904,297</u>	<u>1,910,617</u>	<u>6,320</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
General Fund (continued)
Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Expenditures				
General Government -				
Administrative salaries	\$ 309,441	\$ 309,441	\$ 303,202	\$ 6,239
Unemployment compensation	619	619	473	146
Employees benefit plans	59,977	59,977	108,990	(49,013)
Office maintenance and operations	58,500	58,500	51,694	6,806
Dues and subscriptions	1,000	1,000	1,941	(941)
Publications and notices	2,500	2,500	2,015	485
Advertising	6,000	6,000	5,768	232
Legal and accounting	81,000	81,000	61,303	19,697
Town hall maintenance and supplies	50,000	50,000	41,303	8,697
Cost of preparing tax rolls	1,000	1,000	1,366	(366)
Magistrate fees	6,000	6,000	6,000	-
Insurance	201,022	201,022	156,689	44,333
Autopsy fees	6,500	6,500	6,017	483
Other charges	73,000	73,000	81,400	(8,400)
Total general government	<u>856,559</u>	<u>856,559</u>	<u>828,161</u>	<u>28,398</u>
Public Safety -				
Fire				
Salaries	28,400	28,400	31,762	(3,362)
F/D retirement fund	6,106	6,106	6,173	(67)
Health insurance	3,150	3,150	2,887	263
Telephone	3,000	3,000	4,557	(1,557)
Power	3,000	3,000	4,635	(1,635)
Equipment maintenance	15,500	26,500	21,733	4,767
Supplies	5,000	5,000	37,790	(32,790)
Other charges	7,007	7,007	14,748	(7,741)
Total fire	<u>71,163</u>	<u>82,163</u>	<u>124,285</u>	<u>(42,122)</u>
Police				
Salaries	443,258	443,258	465,459	(22,201)
Police retirement fund	114,880	114,880	107,970	6,910
Health insurance	64,891	64,891	68,907	(4,016)
Automobile expenses	45,000	45,000	43,006	1,994
Supplies	2,000	2,000	-	2,000
Uniforms	7,500	7,500	1,266	6,234
Radio maintenance	8,500	8,500	2,919	5,581
Telephone	12,000	12,000	8,638	3,362
Prisoner expenses	25,000	25,000	18,756	6,244
Other charges	27,426	27,426	74,126	(46,700)
Total police	<u>750,455</u>	<u>750,455</u>	<u>791,047</u>	<u>(40,592)</u>
Total public safety	<u>821,618</u>	<u>832,618</u>	<u>915,332</u>	<u>(82,714)</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
General Fund (continued)
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works -				
Streets				
Salaries	\$ 117,291	\$ 117,291	\$ 106,755	\$ 10,536
Retirement	16,714	16,714	15,778	936
Health insurance	26,146	26,146	26,373	(227)
Equipment maintenance	35,000	35,000	24,261	10,739
Power	95,000	95,000	77,783	17,217
Materials and repairs	80,500	80,500	90,244	(9,744)
Other charges	<u>11,235</u>	<u>11,235</u>	<u>33,760</u>	<u>(22,525)</u>
Total streets	<u>381,886</u>	<u>381,886</u>	<u>374,954</u>	<u>6,932</u>
Drainage				
Salaries	48,818	48,818	51,829	(3,011)
Retirement	4,802	4,802	4,715	87
Health insurance	7,666	7,666	7,666	-
Maintenance and repairs	40,000	40,000	49,372	(9,372)
Power	5,000	5,000	3,873	1,127
Other charges	<u>2,295</u>	<u>2,295</u>	<u>8,022</u>	<u>(5,727)</u>
Total drainage	<u>108,581</u>	<u>108,581</u>	<u>125,477</u>	<u>(16,896)</u>
Cemetery				
Maintenance	<u>25,000</u>	<u>25,000</u>	<u>25,219</u>	<u>(219)</u>
Total public works	<u>515,467</u>	<u>515,467</u>	<u>525,650</u>	<u>(10,183)</u>
Culture and Recreation				
Salaries	123,714	123,714	120,148	3,566
Retirement	14,762	14,762	3,091	11,671
Health insurance	9,449	9,449	9,449	-
Maintenance and repairs	112,000	112,000	79,114	32,886
Utilities	27,000	27,000	25,205	1,795
Miscellaneous	<u>26,249</u>	<u>26,249</u>	<u>21,965</u>	<u>4,284</u>
Total Culture and recreation	<u>313,174</u>	<u>313,174</u>	<u>258,972</u>	<u>54,202</u>
Supporting Services -				
Mosquito abatement	30,000	30,000	12,678	17,322
Rabies control	<u>19,839</u>	<u>19,839</u>	<u>25,632</u>	<u>(5,793)</u>
Total supporting services	<u>49,839</u>	<u>49,839</u>	<u>38,310</u>	<u>11,529</u>

(continued)

TOWN OF BERWICK, LOUISIANA

**Budgetary Comparison Schedule
General Fund (continued)
Year Ended September 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Capital Outlay -				
Administration	\$ 80,000	\$ 128,600	\$ 113,648	\$ 14,952
Police	26,041	26,041	30,670	(4,629)
Fire	12,500	85,600	47,204	38,396
Streets	78,500	78,500	33,250	45,250
Drainage	10,000	10,000	10,152	(152)
Culture and recreation	60,020	60,020	70,641	(10,621)
Renwick Subdivision - Phase IV	-	403,000	420,985	(17,985)
Total capital outlay	<u>267,061</u>	<u>791,761</u>	<u>726,550</u>	<u>65,211</u>
 Total expenditures	<u>2,823,718</u>	<u>3,359,418</u>	<u>3,292,975</u>	<u>66,443</u>
 Deficiency of revenues over expenditures	<u>(919,421)</u>	<u>(1,455,121)</u>	<u>(1,382,358)</u>	<u>72,763</u>
Other financing sources (uses)				
Operating transfers in	660,000	810,000	790,000	(20,000)
Operating transfers out	-	-	(14,229)	(14,229)
Special item				
Sales of Assets	-	700,000	748,930	48,930
Total other financing sources(uses)	<u>660,000</u>	<u>1,510,000</u>	<u>1,524,701</u>	<u>14,701</u>
 Net change in fund balance	<u>(259,421)</u>	<u>54,879</u>	<u>142,343</u>	<u>87,464</u>
 Fund balance, beginning	<u>903,303</u>	<u>903,303</u>	<u>1,436,779</u>	<u>533,476</u>
 Fund balance, ending	<u>\$ 643,882</u>	<u>\$ 958,182</u>	<u>\$ 1,579,122</u>	<u>\$ 620,940</u>

See Notes to Budgetary Comparison Schedules

TOWN OF BERWICK, LOUISIANA

**Budgetary Comparison Schedule
1% Sales Tax Fund
Year Ended September 30, 2011**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Taxes - sales taxes	\$ 575,000	\$ 575,000	\$ 680,915	\$ 105,915
Interest earned	<u>2,500</u>	<u>2,500</u>	<u>1,145</u>	<u>(1,355)</u>
Total revenues	577,500	577,500	682,060	104,560
Other financing uses				
Operating transfer out	<u>(326,200)</u>	<u>(576,200)</u>	<u>(552,786)</u>	<u>23,414</u>
Net change in fund balance	251,300	1,300	129,274	127,974
Fund balance, beginning	<u>1,581,461</u>	<u>1,581,461</u>	<u>999,799</u>	<u>(581,662)</u>
Fund balance, ending	<u>\$ 1,832,761</u>	<u>\$ 1,582,761</u>	<u>\$ 1,129,073</u>	<u>\$ (453,688)</u>

See Notes to Budgetary Comparison Schedules

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
3/4% Sales Tax Liquid and Solid Waste Fund
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes - sales tax	\$ 550,000	\$ 650,000	\$ 634,591	\$ (15,409)
Sewer service charges	382,500	382,500	416,218	33,718
Sanitation service charges	382,500	382,500	425,223	42,723
Intergovernmental	50,000	50,000	35,000	(15,000)
Interest earned	2,500	2,500	719	(1,781)
Total revenues	<u>1,367,500</u>	<u>1,467,500</u>	<u>1,511,751</u>	<u>44,251</u>
Expenditures.				
Sanitation -				
Salaries	253,848	253,848	268,563	(14,715)
Municipal retirement	33,288	33,288	37,015	(3,727)
Health insurance	44,627	44,627	44,591	36
Waste disposal fees	345,000	345,000	393,907	(48,907)
Maintenance	88,000	88,000	61,992	26,008
Liability insurance	12,435	12,435	14,582	(2,147)
Other charges	18,057	18,057	48,729	(30,672)
Sewer treatment fees	265,000	265,000	264,122	878
Power	15,000	15,000	18,271	(3,271)
Capital outlay	<u>141,998</u>	<u>141,998</u>	<u>98,167</u>	<u>43,831</u>
Total expenditures	<u>1,217,253</u>	<u>1,217,253</u>	<u>1,249,939</u>	<u>(32,686)</u>
Excess of revenues over expenditures	150,247	250,247	261,812	11,565
Other financing sources (uses)				
Operating transfers in	-	186,000	188,502	2,502
Operating transfers out	<u>(201,200)</u>	<u>(326,200)</u>	<u>(290,200)</u>	<u>36,000</u>
Total other financing uses	<u>(201,200)</u>	<u>(140,200)</u>	<u>(101,698)</u>	<u>38,502</u>
Net change in fund balance	(50,953)	110,047	160,114	50,067
Fund balance, beginning	<u>1,136,149</u>	<u>1,136,149</u>	<u>786,388</u>	<u>(349,761)</u>
Fund balance, ending	<u>\$ 1,085,196</u>	<u>\$ 1,246,196</u>	<u>\$ 946,502</u>	<u>\$ (299,694)</u>

See Notes to Budgetary Comparison Schedules

TOWN OF BERWICK, LOUISIANA

Notes to Budgetary Comparison Schedules

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) Budgeted amounts are as originally adopted or as finally amended by the Mayor and the Town Council

(2) Budgets and Budgetary Accounting

The Town follows these procedures in establishing budgetary data

- 1 The Town Clerk prepares a proposed budget for the general and special revenue funds and submits them to the Mayor and Town Council for the fiscal year no later than forty five days prior to the beginning of each fiscal year
- 2 A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection At the same time, a public hearing is called
- 3 A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing
- 4 After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted
- 5 Budgetary amendments involving the transfers of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council
- 6 All budgetary appropriations lapse at the end of each fiscal year
- 7 Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) Budgeted amounts are as originally adopted or as amended by the Town Council

TOWN OF BERWICK, LOUISIANA

**Schedule of Funding Progress
Postemployment Benefits Other than Pensions
Year Ended September 30, 2011**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2010	\$0	\$281,066	\$281,066	0.0%	\$1,460,105	19.25%

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BERWICK, LOUISIANA

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011**

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Public Improvement Maintenance Fund	Everette S Berry Lighthouse Park Fund	Street & Road Improvement Construction Fund
Cash	<u>\$ 103,246</u>	<u>\$ 1,647</u>	<u>\$ 150,372</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	<u>103,246</u>	<u>1,647</u>	<u>150,372</u>
Total fund balances	<u>\$ 103,246</u>	<u>\$ 1,647</u>	<u>\$ 150,372</u>

<u>Debt Service</u>	<u>Permanent Fund</u>	
Certificates of Indebtedness of 2006 Fund	Berwick Memorial Perpetual Care Fund	Total Nonmajor Governmental Funds
<u>\$ 103,572</u>	<u>\$ 85,574</u>	<u>\$ 444,411</u>
-	52,152	52,152
<u>103,572</u>	<u>33,422</u>	<u>392,259</u>
<u>\$ 103,572</u>	<u>\$ 85,574</u>	<u>\$ 444,411</u>

TOWN OF BERWICK, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2011

	Special Revenue	Capital Projects	
	Public Improvement Maintenance Fund	Everette S Berry Lighthouse Park Fund	Street & Road Improvement Construction Fund
Revenues			
Taxes	\$ 169,520	\$ -	\$ -
Interest Income	<u>151</u>	<u>2</u>	<u>835</u>
Total revenues	<u>169,671</u>	<u>2</u>	<u>835</u>
Expenditures:			
Debt Service -			
Principal	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>169,671</u>	<u>2</u>	<u>835</u>
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	<u>(193,800)</u>	<u>-</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>(193,800)</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balances	(24,129)	2	(49,165)
Fund balances, beginning of year	<u>127,375</u>	<u>1,645</u>	<u>199,537</u>
Fund balances, end of year	<u>\$ 103,246</u>	<u>\$ 1,647</u>	<u>\$ 150,372</u>

<u>Debt Service</u>		<u>Permanent Fund</u>	
<u>Certificates of Indebtedness of 2006 Fund</u>	<u>Sewer 3/4% Sales Tax Bonds Fund</u>	<u>Berwick Memorial Perpetual Care Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 169,520
-	171	97	1,256
-	171	97	170,776
130,000	-	-	130,000
38,346	-	-	38,346
168,346	-	-	168,346
(168,346)	171	97	2,430
161,386	-	-	161,386
-	(186,089)	-	(429,889)
161,386	(186,089)	-	(268,503)
(6,960)	(185,918)	97	(266,073)
110,532	185,918	85,477	710,484
\$ 103,572	\$ -	\$ 85,574	\$ 444,411

INTERNAL CONTROL, COMPLIANCE, AND OTHER INFORMATION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Louis Ratcliff, Mayor
and Members of the Town Council
Town of Berwick, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berwick, Louisiana (hereinafter "Town") as of and for the year ended September 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 24, 2012. The opinion on the aggregate discretely presented component units was adverse because the Town issues primary government only financial statements. The opinion on the primary government financial statements was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit results and findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of audit results and findings as item 2011-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Town Council, management and others within the entity, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 24, 2012

TOWN OF BERWICK, LOUISIANA

**Summary Schedule of Prior Audit Findings
Year Ended September 30, 2011**

A Internal Control –

2010-01 – Segregation of Duties

CONDITION Accounting and financial functions are not adequately segregated

RECOMMENDATION Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties

CURRENT STATUS See schedule of audit results and findings item 2011-1

2010-02 – Application of GAAP (generally accepted accounting principles)

CONDITION Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process

RECOMMENDATION Due to budgetary limitations, the additional costs required to achieve the desired benefit may not be economically feasible

CURRENT STATUS This finding is no longer applicable

B Compliance –

2010-03 – Budget Variance

CONDITION Budget variance in excess of 5% was incurred in the 1% Sales Tax Fund

RECOMMENDATION We recommend that the Town periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute

CURRENT STATUS This finding has been resolved

C OMB A-133 –

This section was not applicable

TOWN OF BERWICK, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2011

Part I Summary of Audit Results

Unqualified opinions have been issued on the financial statements of the Town's governmental activities, business-type activities, each major fund (General Fund, 1% Sales Tax Fund, ¾% Sales Tax Liquid and Solid Waste Fund, Gas Enterprise Fund, and Water Enterprise Fund), and the aggregate remaining fund information. Additionally, the opinion on the aggregate discretely presented component units was adverse because the Town issues primary government only financial statements.

A deficiency in internal control over financial reporting was disclosed by the audit of the financial statements and is considered a material weakness.

No instances of noncompliance which are material to the financial statements and required to be reported under *Government Auditing Standards* were disclosed during the audit.

A management letter was not issued.

Part II Findings reported in accordance with *Government Auditing Standards*

A Internal Control Findings-

2011-1 – Segregation of Duties

CONDITION Accounting and financial functions are not adequately segregated.

CRITERIA Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town's internal control over financial reporting includes those policies and procedures that pertain to the Town's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

TOWN OF BERWICK, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2011

B Compliance –

No compliance issues are reported

Part III Findings and questioned costs for federal awards reported in accordance with Office of Management and Budget Circular A-133

The requirements of OMB Circular A-133 are not applicable

TOWN OF BERWICK, LOUISIANA

**Corrective Action Plan for Current Year Findings
Year Ended September 30, 2011**

2011-1 - Segregation of Duties

CONDITION Accounting and financial functions are not adequately segregated

MANAGEMENT'S RESPONSE Not considered necessary